

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

June 2, 2008

CALL TO PODIUM:

Harold Belton

RESPONSIBLE STAFF:

Harold Belton, Director
Finance and Administration

AGENDA ITEM:

(please check one)

	Presentation
	Proclamation/Certificate
	Appointment
	Public Hearing
	Historic District
	Consent Item
	Ordinance
	Resolution
	Policy Discussion
	Work Session Discussion Item
X	Other: Set the Constant Yield Tax Rate

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item is a public hearing)

Introduced	04/21/08
Advertised	04/16/08
Hearing Date	05/05/08
Record Held Open	05/28/08
Policy Discussion	

TITLE:
Establishing a Constant Yield Tax Rate for the City of Gaithersburg for the Fiscal Year July 1, 2008 through June 30, 2009

SUPPORTING BACKGROUND:
<p>In order to comply with state law, a public hearing is required if the tax rate proposed for the fiscal year exceeds the Constant Yield Tax Rate.</p> <p>From year to year, the City's assessable tax base increases, causing the amount of revenue to increase. The City must hold a public hearing to inform citizens of that increase. As projected by the State Department of Assessments and Taxation, the City's assessable base will increase by 11 percent in FY 2009. As the City's assessments increase, the tax rate needed to generate the amount of revenue for the prior year decreases. This Constant Yield Tax would ensure that the City's tax revenue would remain flat from FY 2008 to 2009.</p> <p>The City of Gaithersburg is proposing a tax rate of \$.212, which will exceed the \$.191 Constant Yield Tax Rate. On April 21, 2008 a notification of a public hearing on the Constant Yield Tax Rate was announced for May 5, 2008. The public hearing was held on that date. During the public hearing, the Mayor and City Council voted to close the record on May 28, 2008. No comments were received.</p> <p>Staff requests the Mayor and City Council vote to set the Constant Yield Tax Rate and set the rate at \$.212 to become effective July 1, 2008.</p>

DESIRED OUTCOME:
Vote to set the Constant Yield Tax Rate

**CITY OF GAITHERSBURG NOTICE
OF A PROPOSED
REAL PROPERTY TAX INCREASE**

The Mayor and City Council of the City of Gaithersburg proposes to increase real property taxes.

1. For the tax year beginning July 1, 2008, the estimated real property assessable base will increase by 11.0%, from \$7,919,058,596 to \$8,793,576,905.

2. If the City of Gaithersburg maintains the current tax rate of \$0.212 per \$100 of assessment, real property tax revenues will increase by 11.0%, resulting in \$1,853,979 of new real property tax revenues.

3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.191, the constant yield tax rate.

4. The City is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City proposes to adopt a real property tax rate of \$0.212 per \$100 of assessment. This tax rate is 11.0% higher than the constant yield tax rate and will generate \$1,853,979 in additional property tax revenues.

A public hearing on the proposed real property tax increase will be held at 7:30 p.m., May 5, 2008, at City Hall, 31 South Summit Avenue, Gaithersburg, Maryland 20877.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call 301-258-6310 for further information.